



Grants, Loans, and Other Cashflow Options for Health Centers, PCAs, and HCCNs during the Covid-19 Pandemic

As of 4/15/2020

Important: This is an evolving document, and will be updated as new information becomes available. The most up-to-date version of this document will always be available on the NACHC COVID-19 webpage and Noddlepod.

**Grants, Loans, and Other Cashflow Options
for Health Centers, PCAs, and HCCNs
during the Covid-19 Crisis**

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Introduction

As health centers play a crucial role in responding to the COVID-19 pandemic, many are encountering severe and unprecedented drops in short-term revenue, due to sharp decreases in routine visits as patients shelter in place, and the need to reduce or stop some services in order to divert PPE and other resource to COVID-19 efforts. As health centers' cash reserves drop, many now face difficult decisions on how to meet payroll or other financial obligations. This document provides an overview of funding resources that that health centers – as well as PCAs and HCCNs - may be able to access to cover revenue shortfalls and to help their employees make ends meet during this time. These resources are divided into grants from HHS, and non-grant options, which include loans, tax credits, advances, deferrals, paid employee leave, and unemployment insurance. Among the non-grant options, two important programs (the Paycheck Protection Program and FFCRA emergency paid leave) are available only to health centers with fewer than 500 employees, so these are broken out separately.

Accordingly, this document is organized into three sections, as follows:

- **Grant funding provided directly by HHS** to Health Centers during the COVID-19 emergency
- **Non-grant options open to Health Centers, PCAs and HCCNs with less than 500 employees**
- **Non-grant options open to all Health Centers, PCAs and HCCNs**

Each section begins with a chart summarizing the options, followed by narrative discussions of each.

Finally, as noted on the cover, this will be an evolving document. The most up-to-date version of this document will always be available on the NACHC COVID-19 webpage and Noddlepod. (If you or a colleague would like access to Noddlepod, please email Susan Hansen at shansen@nachc.org.)

Grant funding provided directly by HHS to Health Centers during the COVID-19 emergency

As of April 15, page 1 of 2

Amount	Estab-lished	Who is eligible?	LALs eligible?	Who distributes?	Date distributed	Allowable Uses	Other
\$100 million	COVID Supplemental Approps (signed 3/4)	Health center grantees	No	BPHC/HRSA	Around 3/27	Expenses, including personnel, associated with COVID prevention, preparedness & response. Pre-award costs are permitted back to 1/20/2020. Cannot use to pay providers not working on COVID-19.	BPHC formula: base of \$50,464, plus \$0.50 per patient, plus \$2.50 per uninsured patient (data from 2018 UDS).
\$1.32 billion	CARES Act (third bill – signed 3/27)	Health center grantees	No	BPHC/HRSA	4/7 & 4/8	Substantial flexibility. To "support the detection and/or prevention, diagnosis, and treatment of COVID-19, including maintaining or increasing health center capacity and staffing levels"	BPHC formula: \$503K base; \$15 per patient; \$30 per uninsured patient (using 2018 UDS.)
Remaining Section 330 mandatory funds for FY2020 - <i>not directly related to COVID-19</i>	CARES Act (third bill)	Health center grantees	No	BPHC/HRSA	FQHCs whose budget periods start 5/1 & 6/1 will get full 12 months of funding about 15 days in advance; others have received 9 months of funding so far, and will receive final 3 months' worth once HRSA can process NOAs.	All allowable in-scope activities (funds are not directly tied to COVID-19)	

Grant funding provided directly by HHS to Health Centers during the COVID-19 emergency
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Amount	Established	Who is eligible?	LALs eligible?	Who distributes?	Date distributed	Allowable Uses	Other	For more info
Portion of \$100 Billion for health care providers	CARES Act (third bill)	All providers, including hospitals & for-profits	Yes	HRSA has the lead. United Health distributed the first \$30 billion	First \$30B distributed on 4/10 based on each providers' 2019 Medicare FFS claims. HHS says future installments will focus on providers who are: heavily-impacted; rural; low Medicare FFS; <i>predominantly serve Medicaid populations; and care for uninsured.</i>	Per the statute, may be used "for health care related expenses or lost revenue that are attributable to" COVID-19. Additional guidance forthcoming.	NACHC wrote HHS on 4/3 re: amount of funds to FQHCs; requested extra 20% for LALs, FQHCs in "hot spots", and those with over 500 employees. Writing 4/14 re: need to prioritize funding to providers serving underserved, uninsured, and Medicaid patients.	See next page, HHS CARES Provider Relief Fund and HHS Terms & Conditions Note that standard rules for HHS grants apply; also, reporting requirements forthcoming

BPHC Grant Funding during the COVID-19 emergency

The following are highlights from the official [BPHC FAQs](#) related to this funding:

What grant funding has BPHC provided directly to health center grantees specific to COVID-19? Two laws passed in March 2020 provided funding specifically for health center grantees to address COVID-19. The [Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020](#), signed on March 4, provided \$100 million; the [Coronavirus Aid, Relief, and Economic Security Act](#) (CARES) Act, signed on March 27, provided \$1.32 billion.

When and how was this funding provided to grantees? BPHC announced the first set of awards (totaling \$100 million) on March 24. Awards ranged from approximately \$50,000 to more than \$300,000, with an average of approximately \$70,000 per health center. Individual awards amounts were calculated using the following formula:

- Base value of \$50,464, plus
- \$0.50 per patient reported in the 2018 Uniform Data System (UDS), plus
- \$2.50 per uninsured patient reported in the 2018 UDS.

The \$1.32 billion from the CARES Act was distributed on April 7 and 8, using the following distribution formula, with an average award of approximately \$950,000:

- Base value of \$503,000, plus
- \$15.00 per patient reported in the 2018 Uniform Data System (UDS), plus
- \$30.00 per uninsured patient reported in the 2018 UDS.

Do we need to separately track and account for COVID-19 funding? Yes. These grants were made separately from health centers' operational (H80) grant award, using the activity codes H8C (Supplemental Appropriations funding) and H8D (CARES funding). As with other supplemental funding, health centers will need to separately track and account for their COVID-19 prevention, preparedness, and response-related activities supported through this funding.

What is the period of performance for this funding? The performance period for this funding is 12 months. Funding is available for immediate use, and pre-award costs are permitted to support expenses related to the coronavirus public health emergency dating back to January 20, 2020.

Did look-alikes receive any of this funding? No, look-alikes were not eligible for this funding, as the statute said the funding was explicitly "for grants under the Health Center Program, as defined by section 330 of the Public Health Service Act.". Therefore, only

Health Center Program awardees are eligible for the first round of COVID-19 funding. Note that the BPHC FAQ states that “HRSA is researching what other coronavirus funds may be available for Health Center Program look-alikes and will provide this information as soon as possible.”

What are allowable uses of this funding? Jim Macrae addressed this issue on the April 15 BPHC all-program phone call. Based on recent OMB guidance, BPHC has concluded that all COVID-19 funding (as well as regular 330 grant fund and program income) may be used to cover payroll costs for staff who are unable to perform their usual duties due to the pandemic. In addition, the following FAQs -- copied verbatim from the [BPHC FAQ page](#) -- address specific uses of these funds:

Can health centers use COVID-19 funding (activity code H8C) to pay providers who are not working on COVID-19 related activities? (Added: 3/27/2020)

HRSA recognizes that many health centers need funding to maintain capacity during a time of temporary decreases in revenues resulting from the public health emergency. However, per statute, the [COVID-19 awards](#) (PDF - 216 KB) (H8C) are for expenses, including personnel costs, associated with prevention, preparedness and response to COVID-19.

Can COVID-19 funding be used for hazard pay or a “pandemic premium”? (Added: 4/13/2020)

COVID-19 (H8C) funds may be used for hazard and premium pay if you have policies and procedures in place that cover this type of pay. Personnel who will be paid with COVID-19 (H8C) funding must receive salary and benefits consistent with your health center's policies of paying salaries under unexpected or extraordinary circumstances from all funding sources, federal and non-federal.

If you do not have such policies in place for paying salaries under unexpected or emergency circumstances, you should immediately develop and officially adopt these new policies. This is allowed through the Office of Management and Budget (OMB) flexibilities listed in memoranda [M-20-11](#) (PDF - 1.3 MB) and [M-20-17](#) (PDF - 5.4 MB). You must document that you are following your organizational policy for charging salaries during unexpected and extraordinary circumstances. You should also document that you are following HRSA guidance as adopted and permitted by the OMB memoranda.

Can COVID-19 funding be used to rent space, including temporary structures, to support quarantines and physical distancing? (Added: 4/13/2020)

COVID-19 (H8C) funds may be used to support rent of an approved temporary site to perform in-scope activities.

Are the differences between how the two rounds of BPHC COVID-19 supplemental funds may be used? Jim Macrae addressed this issue on the April 15 BPHC all-program phone call. Based on recent OMB guidance, the only difference between how the funds can be used is that only CARES funding may be used for minor alteration and renovation (A&R) and to purchase mobile units, while fund the \$100 million Supplemental Approps may not be used for these purposes.

\$100 Billion CARES Provider Relief Fund

The CARES Act appropriated \$100 billion in the Public Health and Social Services Emergency Fund (PHSSEF) to be disbursed directly to health care providers, to help them address expenses and lost revenues due to COVID-19. The HHS Secretary has delegated responsibility for overseeing the disbursement of these funds to HRSA,

Will these funds need to be paid back? No. These are grant funds, and as long as a health center adheres to the HHS Terms & Conditions, they do not need to be repaid.

How can these funds be used? The funds may be used either for health care related expenses or for lost revenues that are attributable to coronavirus.

How much of this fund has been distributed to date? On April 10, HHS distributed an initial \$30 billion from this fund. The distribution was based on each share of total Medicare fee-for-service (FFS) reimbursements in 2019. The money was deposited via Optum Bank and is labeled “stimulus payment” or “HHSPAYMENT.” The amount that each provider received appears to be close to three weeks of Medicare FFS payments. For additional details on the calculations, see the [HHS CARES Provider Relief Fund](#).

What requirements apply? Each recipient must attest to certain [HHS Terms & Conditions](#) (T&Cs) within 30 days of receiving the grant. These T&Cs include the standard restrictions that apply to all HHS grants each year – e.g., prohibition on using the funds for lobbying, abortion, or to purchase needles for exchange programs. There will also be reporting requirements, and requirements to not use these funds for costs that will be reimbursed from other sources. CMS is still working out the details of these new T&Cs.

Should health centers expect to receive more support from this fund? Definitely. HHS has stated publicly that future installments will focus on providers who are: heavily-impacted; rural; low Medicare FFS; *predominantly serve Medicaid populations; and care for large numbers of uninsured patients*. NACHC is reaching out to HHS to remind them of health centers’ urgent need to access these funds.

Where can we get more information? See the [HHS CARES Provider Relief Fund](#) webpage.

Cashflow Options (beyond HHS grants) open to Health Centers, PCAs and HCCNs with less than 500 employees during the Covid-19 Emergency

As of April 15, 2020

	What is it?	Who is eligible?	What are the terms?	What to do?	Experience, Suggestions, etc.
Paycheck Protection Loans	Fully-forgivable, Federally-backed loans. For any aspect of employee compensation, as well as mortgage, rent, and utilities. May take out up to 2.5 months of payroll up to \$10 million.	Employers with up to 500 employees.	Payments and interest deferred for 6 months to 1 year. After that, 1%. Principal may be fully forgivable with documentation. No fees.	Call your bank or find SBA-approved lenders in your area through SBA's Lender Match tool. Call your local Small Business Development Center	Widely considered the best form of support available for those who are eligible. However, application experience varies. Some CHCs received loans quickly; others are still waiting. Generally better to work through a smaller bank that you already have a relationship with. If you are having difficulty finding a lender, ask CapLink
Federal Tax Credit to cover Emergency Paid and Family Leave	Employer receives tax credit to cover: <u>Paid leave:</u> Up to 80 hours of paid sick leave to \$511/day. For caregiver leave, 80 hours to \$200/day. <u>Family leave:</u> 10 weeks at \$200/day max. To care for a child whose school or care provider is unavailable.	Employers with under 500 employees must offer. Exceptions available for health centers and firms under 50 employees.	Employers receive a refundable tax credit for 100% of the eligible leave costs. Credit applied as refund against employer's total portion of Social Security taxes for the period. Health centers (but not PCAs/ HCCNs) may deny leave to all employees.	General information on leave programs Questions and answers on leave provisions	

Paycheck Protection Program (PPP) Loans

Currently available only to employers with less than 500 employees

The [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), signed into law on March 27, 2020, sets aside \$349 billion for small businesses, including health centers. CARES allows health centers with less than 500 employees to take out federally guaranteed loans through commercial banks, and may be fully forgivable provided that health centers can demonstrate that the funds were used as intended.

Who qualifies? Small businesses - including health centers, PCAs, HCCNs, and NTTAPs - with up to 500 employees.¹ While employers in the hospitality and food industries are permitted to count employees on a per-site basis, this flexibility does not extend to health care providers.

What are the terms?

- Loans may cover any aspect of employee compensation, as well as mortgage², rent, and utilities incurred between February 15, 2020 and June 30, 2020.
 - Payroll costs for an individual employee are limited to \$100,000 per year, prorated for the period of the loan.
- The amount any small business is eligible to borrow is 250 percent of their average monthly payroll expenses (subject to the limit above), up to a total of \$10 million. This amount is intended to cover 8 weeks of payroll expenses and any additional amounts for making payments towards debt obligations.
- Maximum interest rate is 1%, with no fees. (While the statute allowed a maximum interest rate of 4%, on April 2 the Department of the Treasury set the rate at 1%.)
- Payroll costs include employee salaries (up to an annual rate of pay of \$100,000), hourly wages and cash tips, paid sick or medical leave, and group health insurance premiums.
- Requires lenders to defer all payments including principal, interest, and fees for no less than 6 months and no more than 1 year.
- If you received an EIDL loan related to COVID-19 between January 31, 2020 and the date at which the PPP becomes available, you may refinance the EIDL into the PPP for loan forgiveness purposes. However, you may not take out an EIDL and a PPP for the same purposes. Remaining portions of the EIDL, for purposes other than those laid out in loan forgiveness terms for a PPP loan, would remain a loan.

¹ Under the CARES Act, the term 'employee' includes individuals employed on a full-time, part-time, or other basis. It is not by FTE.

² Note that while funds used to pay *interest* on a mortgage can be forgiven, funds used to pay mortgage *principal* cannot.

- If you took advantage of an emergency EIDL grant award of up to \$10,000, that amount would be subtracted from the amount forgiven under PPP.

About loan forgiveness

- The loan amounts will be forgiven as long as:
 - The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8-week period after the loan is made; and
 - Employee and compensation levels are maintained. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- Borrowers will work with lenders for any documentation. The amount of principal that may be forgiven is equal to the sum of expenses for payroll, and existing *interest payments* on mortgages (but not principal), rent payments, leases, and utility service agreements.
- If you plan to use the Paycheck Protection Program for other business-related expenses, like inventory, you can, but that portion of the loan will not be forgiven.
- If your total payroll expenses on workers making less than \$100,000 annually decreases by more than 25 percent, loan forgiveness will be reduced by the same amount. If you have already laid off some employees, you can still be forgiven for the full amount of your payroll cost, if you rehire your employees by June 30, 2020.

How do I apply?

- Call your bank or find SBA-approved lenders in your area through SBA's [Lender Match](#) tool. For help, call your local [Small Business Development Center](#).
- To date, health centers have generally had more success working with smaller, regional banks – particularly those with whom they have an existing relationship – than with the larger national banks.
- [Capital Link](#) has been helping health centers find lenders who will work with them promptly.

Is there a deadline for applying? Theoretically, the PPP program is available until June 30, 2020. However, the program is disbursing funds on first-come-first-serve basis, and within 5 days of starting to accept applications, the SBA was expressing concerns about running out of funds. Congress is currently discussing the possibility of adding more funds.

What NAICS code should we use in our application? The recommended NAICS code for FQHCs applying for SBA loan programs is 621498. The best code for PCAs is probably 813910. The descriptor is on the bottom of page 587 [here](#).

How is this program working to date? The program began accepting applications on April 3, and there is significant variation across health centers. Some have received the loans quickly and easily, while others are still waiting to have their applications processed. As noted above, health centers have generally had more success working with smaller, regional banks – particularly those with whom they have an existing relationship – than with the larger national banks. There are also widespread concerns that this program may run out of funding soon.

Any other suggestions? The statute creating the Paycheck Protection Program indicates that applicants like health centers should receive priority in the process and disbursement of PPP Loans. However, it appears that the SBA has not informed lenders about this priority, and therefore most lenders are not aware of it. NACHC has already reached out to the SBA to insist that they inform lenders of these prioritization requirements ASAP. However, given how quickly this program is being implemented, health centers applying for PPP loans may want to alert lenders themselves. To assist with this, both the NACHC webpage and Noddlepod contain a letter to the SBA, which outlines both:

- the language in the PPP law outlines the criteria for which borrowers get priority, and
- the language from Section 330 that demonstrates that health centers meet these criteria.

Health centers may want to attach this letter to their applications, to ensure that lenders are informed that they should receive priority.

Where can I get more information? The Treasury Department has issued a [Fact Sheet](#) on the Paycheck Protection Program.

Federal Tax Credits for Emergency Paid Sick Leave and Emergency Family Leave

Available only to employers with less than 500 employees

[The Families First Coronavirus Response Act](#) (FFCRA), signed into law on March 18, created two new temporary types of emergency leave for workers impacted by COVID-19. This leave became effective on April 1, 2020. The Department of Labor (DOL) is overseeing this program.

Which employers must offer this type of leave? In general, employers with fewer than 500 employees are required to offer these two types of leave. However, two types of businesses can choose to be exempted:

- Businesses with less than 50 employees.³
- Health care employers, such as health centers.

Note that, per a DOL policy announced on March 29, health care employers can choose to deny Emergency Leave to all their employees, not just those who are health care providers.

What are the terms?

- **Emergency Paid Sick Leave:** Two weeks (up to 80 hours) of paid sick leave at the employee's regular rate of pay (up to \$511/day) where the employee is unable to work because they are quarantined by a doctor or government authorities and/or experiencing COVID-19 symptoms and seeking a medical diagnosis. For employees who need to care for someone else, employers must offer two weeks of paid sick leave at two-thirds the employee's regular rate of pay (up to \$200/day). Employers are not required to pay more than the capped amounts.
- **Emergency Family Leave:** Up to an additional 10 weeks of paid expanded family leave, with employers not required to pay more than \$200 per day and \$10,000 in total. The only employees who are eligible are those who are unable to telework **and** who have a child under age 18 whose school or childcare provider is closed or unavailable due to COVID-19.

Who pays for Emergency Paid Sick Leave and Emergency Family Leave? Employers must pay for their employees for this leave. However, the Federal government will reimburse them for the full costs of the required leave, through refundable credits on the employer share of Social Security payroll taxes. Employers deduct the amount they paid for this leave from their payroll tax

³ Under the CARES and FFCRA , the term 'employee' includes individuals employed on a full-time, part-time, or other basis. It is not by FTE.

contributions on an employee's pay and submit documentation. The credits will cover the capped salary amounts described above, as well as the employer's health insurance premiums.

Where can I learn more? NACHC has developed a health center-specific guidance document, for the leave programs and other human resources considerations, accessible [here](#). General information on FFCRA leave from the Department of Labor is found [here](#), and questions and answers from the Department of Labor on how the FFCRA leave provisions work can be found [here](#).

Federal Tax Credits for Emergency Paid Leave under the Families First Act – As of 3/29/2020

		Emergency Paid Sick Leave	Emergency Family Medical Leave	
Which EMPLOYERS must offer this leave		All employers with fewer than 500 employees		
Which EMPLOYEES are eligible:		Employees who are sick or under quarantine themselves	Employees who are <i>caring for a family member or child</i> who is sick, quarantined, or whose school/ childcare is closed	Employees who have a <i>child under 18</i> whose school or childcare is closed <u>AND</u> who are unable to telework.
	Minimum tenure to be eligible	No minimum	No minimum	30 days
MAXIMUM days and dollar amounts (that non-exempt employers must provide and the Federal government will reimburse)				
	Maximum number of days	10 days (for a full-time FTE)	10 days (for a full-time FTE)	12 weeks
	Maximum amount per day	The lesser of \$511 or the employee's regular daily rate	The lesser of \$200 or two-thirds of the employee's daily rate	The first 10 days may be unpaid (or employee may choose to use other types of leave.) For the remaining 50 days, maximum is the lesser of \$200 or two-thirds of the employee's daily rate
	Maximum Total Amount	\$5,110	\$2,000	\$10,000
Potential EXCEPTIONS				
	Employers	US Dept. of Labor may exempt some employers with fewer than 50 employees		
	Health care employees	As of 3/29, health centers can choose to deny emergency sick leave to <u>all</u> employees (not just clinical staff) PCAs & HCCNs cannot deny this leave	Both employers and the US Dept of Labor can choose to deny this FML to all health center employees.	
How employers get REIMBURSED		Employers receive a refundable tax credit equal to 100% of the eligible leave costs described above. The tax credit is applied against an employer's total portion of Social Security taxes for the period, and is refundable.		

Cashflow options (beyond HHS grants) open to all Health Centers, PCAs and HCCNs during the Covid-19 Emergency

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	What is it?	Who is eligible?	What are the terms?	What to do?	Experience, Suggestions, etc.
Main Street Loans	Federally-backed loans between \$1 million - \$25 million with favorable terms. NOT forgivable.	All businesses with less than 10,000 staff	Four years; no principal due or interest incurred for first year; low interest	Applications not yet being accepted. Interested CHCs should review requirements once finalized; gather needed paperwork now.	Many key requirements – e.g., to retain and rehire staff – are still forthcoming.
Economic Injury Disaster Loans	Small Business Administration (SBA) loan for up to \$2 million, including a \$10,000 grant up front. May be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.	All health centers, PCAs, and HCCNs, regardless of size.	Interest rate of 2.75%, payable over up to 30 years. Can defer initial payments for up to a year.	Apply directly at the SBA. Applicants may apply online or call 1-800-659-2955.	System is overwhelmed. Actual loans being limited to \$15,000 per month. Wait times on hold are extremely long. SBA staff may not be well trained that non-profits with over 500 staff are eligible.
Federal tax credits for employee retention	Refundable credits of up to \$5,000 per quarter for each employee who is not actively "providing services" due to COVID-19.	All employers who can demonstrate financial harm.	Employee must be unable to "provide services" due to COVID-19. Unclear if reassigned employees qualify.	Either deduct credit from tax deposits or request an IRS advance using Form 7200 .	

Cashflow Options (beyond HHS grants) open to all Health Centers, PCAs and HCCNs during the Covid-19 Emergency

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	What is it?	Who is eligible?	What are the terms?	What to do?	Experience, Suggestions, etc.
Deferral of employer share of FICA	Employers can defer paying the employer share of FICA taxes from now through 12/31/20.	All employers	All deferred FICA taxes must ultimately be repaid – half by 12/31/2021 and half by 12/31/2022.	See IRS Notice 2020-22	
Advanced Medicare Payments	FQHCs can receive up to 3 months' worth of Medicare payments in advance, within 7 days of applying.	All health centers	Any excess must be repaid within 4 to 7 months. Interest rates after 7 months can be high.	Contact your MAC	Also called “accelerated payments”. Medicare disbursed over \$50 billion in advanced payments by mid-April.
Expanded Unemployment Insurance for Fully and Partly Laid-off Staff	Expanded benefits for laid-off staff, including first week paid, additional \$600 per week, and 13 additional weeks if needed. States encouraged to create/expand programs to staff who have been partly or fully furloughed	All employees and contractors. May be additional state flexibilities.	Details vary significantly by state. CHCs that self-insure for UI will be reimbursed for half their costs; CHCs that pay state UI taxes <u>may not</u> have their taxes increase due to employees receiving COVID-19-related UI.	Contact your state unemployment office .	
FEMA Public Assistance Grants	75% reimbursement for “eligible emergency protective measures taken to respond to the COVID-19 emergency at the direction or guidance of public health officials”	All health centers	Federal government will pay 75% of total costs.	Must apply through your state or territorial government.	FEMA does not make Public Assistance grants directly to health centers. See FEMA Fact Sheet and detailed FEMA guide

Main Street Loans

Also known as “Mid-Size Business Emergency Loans”

Section 4003(c)(3)(D) of the CARES Act says that the Treasury and Federal Reserve shall “endeavor to seek” to implement a loan program for mid-sized businesses, including nonprofit organizations, that have between 500 and 10,000 employees (the Mid-Sized Business Emergency Loan Program). The law provided at least \$454 billion for this and related purposes. On April 9, the [Federal Reserve announced](#) some preliminary information about these loans, and also solicited public input through April 16. ***As of April 14, 2020, this program has not yet been launched, and many important details have not yet been determined.***

Who can apply? Any organization with fewer than 10,000 employees or revenues under \$2.5 billion. Even organizations that have received Paycheck Protection Loans can apply for Main Street Loans.

What are the [terms for new Main Street loans](#)?

- Amount: New loans can be between \$1 million and \$25 million
- Interest rate: The statute sets a maximum interest rate of 2%, and authorizes the Treasury and Federal Reserve to set lower rates, On April 9, the Fed announced that these loans would have an “adjustable rate of SOFR + 250-400 basis points”
- Deferment period: On April 9, the Federal reserve announced that principal and interest payments will be deferred for one year.
- Maturity: The loans will have a four-year maturity

Can we expand an existing loan into a Main Street Loan? Yes. However, the [terms for expanded loans](#) will differ slightly from those for new loans.

What are the requirements? Per the CARES statute, borrowers must agree to the following:

- They will retain at least 90% of the workforce they had on staff at the time of application, at full salary and benefits, through at least September 30, 2020.
- Not later than 4 months after the end of the public health emergency, they will restore at least 90% percent of their workforce that existed as of February 1, 2020, at the levels of compensation and benefits that existed on that date.
- They will not outsource any jobs for the term of the loan and 2 years after completing repayment of the loan.

Regarding these statutory requirements, note that:

- The Federal Reserve has substantial discretion in how to interpret them, and
- some groups, including the American Hospital Association, are advocating for Congress to establish more lenient terms for these loans.

Will these loans be eligible for forgiveness? No. The CARES Act explicitly states that these loans will not be eligible for forgiveness.

What are some of the details that have yet to be determined? Banks may originate new Main Street loans or use Main Street loans to increase the size of existing loans.

When can we apply? That has not yet been announced. The Federal Reserve is accepting comments on their initial program design through April 16, so it is likely that they will wait until after they have received all the comments before opening the application process.

How should we apply? You should apply directly with a lender, though neither the Fed nor banks have released details about the process. It's usually recommended to apply for a loan at the bank you currently work with. The details of the application process are expected to vary across banks.

How can we prepare to apply? Financial experts recommend that potential applicants begin preparing by gathering:

- Payroll filings reported to the IRS for 2019, and
- Payroll records supporting your compensation expenses and total workforce numbers.

Having this information readily available is expected to speed the process of applying, once the application window opens.

Economic Injury Disaster Loans (EIDLs)

The [Coronavirus Preparedness and Response Supplemental Appropriations Act](#), signed into law on March 6, 2020 makes low-interest loans and emergency grants available immediately and directly through the [Small Business Administration](#) for health centers that are experiencing substantial economic distress due to COVID-19.

Who qualifies? As private non-profits, all health centers **regardless of size** are eligible under the expanded criteria. Expanded eligibility criteria and emergency grants are only available between January 31, 2020 and December 31, 2020.

What are the terms?

- The statute guarantees up to \$2 million in loan principle assistance. However, as of April 14 the SBA system is overwhelmed, and there are reports of applicants receiving only \$15,000 per month.
- When you apply you can request an emergency grant advance of \$10,000. The advance does not need to be repaid under any circumstance.
- Grant may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent, and mortgage payments. Money will be available within 3 days of applying.
- May be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.
- The interest rate for non-profits is 2.75% and repayment terms are flexible up to 30 years.
- Loans are eligible for 12 months of deferment of principle and interest.

How do I apply? Apply directly [through the SBA](#). Applicants may [apply online](#) or call 1-800-659-2955. Questions on the program can be referred to: disastercustomerservice@sba.gov, or at the number above.

How is this program working in practice? As of early April 2020, the SBA system appears to be overwhelmed. [There are reports](#) that applicants are receiving only \$15,000 per month, instead of the \$2 million laid out in statute. There have also been reports of larger health centers being given incorrect information about their eligibility from SBA staff.

Federal Tax Credits for Employee Retention

Section 2301 of the CARES Act provides a refundable payroll tax credit for certain wages paid to employees who are not able to “provide services” due to COVID-19. This program, along with ability to defer certain employment taxes (as established under Section 2302 of CARES), are designed to encourage employers to continue paying wages to employees even when they are unable to perform their regular duties.

Who is eligible? All employers are eligible – regardless of size – provided that:

- they did not receive a Paycheck Protection Program Loan or Small Business Interruption Loan, and
- during the quarter for which they are seeking the credit, either:
 - Their operations were fully or partially suspended as a result of orders from a governmental authority limiting commerce, travel, or group meetings due to COVID-19, or
 - Their gross receipts for the quarter were less than 50% of the gross receipts for the same calendar quarter in the prior year. The employer will remain eligible for the credit until the quarter when their gross receipts equal 80% of the gross receipts for the same calendar quarter in 2019.

What is the net value of the credit? An employer can receive a maximum credit of \$5,000 for each eligible employee during each qualifying quarter. The credit is equal to 50% of “qualified wages” paid to employees during a quarter, capped at \$10,000 of “qualified wages.” The credit is available for wages paid from March 13 to December 31, 2020.

What are “qualifying wages”? For employers with over 100 full-time employees, the tax credit is available only for wages paid to employees who are **not providing services** due to the suspension of operations or decline in gross receipts. “Not providing services” has not yet been defined, so it is unclear if staff who have been reassigned to different duties would qualify. “Qualified wages” include health plan expenses, but not wages for which an employer is taking another tax credit (e.g., tax credit for sick or family leave under FFCRA.)

How to claim the credit? Per IR 2020-62 (dated March 31, 2020), employers can immediately recoup their refundable tax credits by reducing their total federal tax deposit amount from **all** employees (not just from those who are receiving wages that qualify for the credit) by the amount of eligible credit. Specifically, employers can deduct the amount of tax credit from: (1) federal income taxes withheld from all employees’ pay; (2) the employees’ share of Social Security and Medicare taxes; and (3) the employer’s share of Social Security and Medicare taxes. These credits will ultimately be reconciled against the total tax liabilities when employers file their quarterly Form 941 or other employment tax returns.

Is there a faster way to get the credit? Perhaps. Employers can request an advance on these credits by using the new [Form 7200](#), Advance Payment of Employer Credits Due to COVID-19. The IRS is supposed to process the advances within two weeks of receiving a Form 7200. However, the IRS' system does not yet appear to be fully operational, and it is unclear when it will be up and running. To maximize cash on hand, health centers should consider whether they might be better off offsetting their accumulated tax credits from their upcoming payroll deposits, or requesting an advance on [Form 7200](#).

Deferral of Employer Share of Social Security Taxes

Section 2302 of the CARES Act allows employers to defer payment of the employer portion of Social Security taxes that would otherwise be due from March 27 through December 31, 2020, without penalty or interest charges. Employers must pay 50% of the deferred amount by December 31, 2021, and the remainder by December 31, 2022.

Who is eligible? All employers are eligible for this deferral, for all of their employees. (However, employers who also receive a Paycheck Protection Program loan may lose the ability to defer these payments if their PPP loan is forgiven.)

Is this a tax credit, or just an extension of the due date? Simply an interest-free and penalty-free extension of the due date. All taxes owed must eventually be paid.

Which taxes can we defer? You can defer the employer portion of Social Security taxes that would otherwise be due from March 27 through December 31, 2020, without incurring penalties or interest charges.

How long is the due date extended for? Health centers must pay:

- 50% of the deferred amount by December 31, 2021, and
- the remaining 50% by December 31, 2022.

How does this provision interact with the \$5,000 tax credit for employees who cannot “provide services”? A lot of these details are not yet clear. At the moment, it appears that an employer could defer its deposit of payroll taxes that are otherwise due from March 13 to December 31, 2020 (using this provision) and offset against those un-remitted payroll taxes the employee retention credit (under Section 2301 of the CARES Act.) That would reduce the amount that the employer would eventually need to remit (i.e., 50% of the net amount would be owed on December 31, 2021, and the remainder would be owed on December 31, 2022).

Where can we get more information? See [IRS Notice 2020-22](#) , dated March 31, 2020.

Advanced Medicare Payments

Also known as “Accelerated Medicare Payments”

Who qualifies? All health centers that have billed Medicare within the past six months.

What are the terms?

- ***FQHCs can receive up to three months’ worth of their average Medicare revenues in advance.***
- ***Funds should be received within seven calendar days of submitting a request to your MAC.***
- **“Recoupment” does not begin for 120 days.** This means that:
 - FQHCs can continue to submit claims as usual after receiving the advance payment, and will receive full payments for their claims during the 120-day delay period.
 - At the end of the 120-day period, every new claim that the FQHC submits will be offset from the balance owed from the advanced payment. Thus, instead of receiving payment for newly submitted claims, the FQHC’s advance balance will automatically be reduced by the claim payment amount.
 - FQHCs have 90 days (day 121-210) to repay the advanced amount at no interest. Terms are negotiated with the MAC. Any outstanding balance after 210 days of disbursement would be subject to interest.

How do I access these benefits? Contact your Medicare Administrative Contractor (MAC.)

Where can I get more information? See this **[CMS Fact Sheet on advanced payments.](#)**

How is this working to date? As of mid-April, CMS has dispensed at least \$50 billion in advanced Medicare payments. Some recipients have expressed concerns about the interest rates that will be charged if all advances are not repaid within 210 days.

Expanded Unemployment Insurance for Fully or Partially Laid-Off Employees

Recent legislation grants states more flexibility in paying Unemployment Insurance (UI) to individuals impacted by COVID-19, and nearly all states have issued guidance specifying how they have expanded their UI programs to cover these employees. However, not all states have expanded UI benefits to the same extent, and there are variations in each state with respect to factors such as furloughs, charge-back rates to employers, and how UI benefits interact with paid leave. Therefore, ***it is critical to check with your state Unemployment Insurance (UI) office to determine which benefits apply in your state, and how.***

Which individuals are eligible for the expanded UI benefits due to COVID-19? States now have more flexibility in paying UI benefits when:

- An employer temporarily ceases operations due to COVID-19, preventing employees from working;
- An individual is quarantined with the expectation of returning to work after the quarantine is over; and
- An individual leaves employment due to a risk of exposure or infection or to care for a family member.

What expanded UI benefits are available nationally to all applicants impacted by COVID-19? Eligible individuals will receive:

- Payment for the first week of approved unemployment, covered fully by the Federal government. (Most states typically provide no UI payment during the first week.)
- An additional \$600 per week, on top of ordinary state-authorized weekly benefits, through July 31, 2020. It is expected that this benefit will be added to all payments issued starting the week of April 12-18 and will be added to all Unemployment Insurance benefit payments for weeks of unemployment beginning Sunday, March 29, 2020 and ending no later than July 31, 2020. However, states are still waiting for guidance from the US Department of Labor for details.
- An additional 13 weeks of pandemic emergency unemployment compensation, if they exhaust their initial 26 weeks, up to a maximum of 39 weeks for the period January 27 through December 31, 2020. This extension is call “Pandemic Unemployment Emergency Compensation.”
- Some benefits may be available retroactively.

What expanded UI benefits may be available, based on your state?

- States are encouraged to establish or expand “short-time compensation programs.” These programs –also known as “work sharing” programs -- provide employees whose hours have been reduced with a pro rata portion of the UI they would have received if fully laid off. Often, such programs require employers to submit short-time compensation plans to the state for approval before employees are able to take advantage of such a benefit.

- Many states are now offering UI payments to staff who have been furloughed – fully or partly -- due to COVID-19. (Typically, UI is restricted to individuals who have been terminated/ laid-off, which is considered more permanent than a furlough.)

What will this cost? **It depends on your state, and also whether your organization pays State Unemployment Taxes (SUTA) or self-insures for unemployment costs.**

- **For employers that pay State Unemployment Taxes (SUTA):** In some states (e.g., DC, IA, ME, VT) benefits paid for reasons related to COVID-19 will not be charged to an employer’s experience rating – meaning that their UI contributions should not increase. However, other states like Delaware have made clear that they will not exclude COVID-19 claims from employer experience ratings, meaning employers could see an increase in their unemployment tax rate. Many other states have not yet provided any guidance on this issue.
- **For non-profit employers that self-insure for unemployment:** These employers will be reimbursed for half of their costs of benefits provided to their laid-off employees.

Finally, Paycheck Protection loan forgiveness eligibility amounts will be reduced according to reductions in payroll from employees that seek COVID-19-related UI benefits.

How do we learn more about these benefits? Contact your state [unemployment office](#).

FEMA Public Assistance Grants

The Stafford Act permits the Federal Emergency Management Agency (FEMA) to provide Federal assistance when the magnitude of an emergency exceeds the ability of state and/or local governments to respond or recover. This includes grants (called “Public Assistance”) to states, localities, and eligible non-profits including health centers.

Who is eligible to “apply” and/or “receive” of apply for FEMA Public Assistance Grants? FEMA makes an important distinction between an “applicant” and a “recipient” of Public Assistance Grants. Private non-profit organizations – including health centers – are allowed to **apply** for FEMA PA funds. However, only states, tribes, or territories are allowed to be “recipients” of these funds, meaning that they that receive and administer Public Assistance awards. Thus, the recipient (generally the state) serves as an intermediary between the health center and FEMA.

What costs might be eligible for a FEMA Public Assistance Grant? FEMA is currently accepting applications for what it calls “Category B work,” which entails emergency protective measures. The complete list of these measures begins on page 57 of the [FEMA's Public Assistance Program and Policy Guide](#). For health centers, the most relevant expenses likely fall under the sub-category of “Medical Care” (see page 63), and include:

- Triage and medically necessary tests and diagnosis
- Temporary facilities, such as tents or portable buildings
- Sheltering services.

Note that FEMA does not provide PA funding for any costs covered by Medicare, Medicaid, or private insurance.

How much do FEMA Public Assistance grants cover? They can cover up to 75% of eligible costs. In some circumstances, the “recipient” (generally the state) will provide support towards the remaining 25%.

Is FEMA applying its standard processes to the COVID-19 pandemic? No. Given the magnitude of this event, FEMA has stated that it is “simplifying the Public Assistance application and funding process to... allow local officials to receive eligible funding more quickly.” Here is [more information on the simplified application process](#).

How is FEMA simplifying the PA application process? Health centers can now apply directly for Public Assistance through an on-line portal (as opposed to the traditional process which required FEMA to appoint a Program Delivery Manager before applications could be submitted.) FEMA has developed a simplified online form that applicants can complete, and on which they may explain work activities, answer basic questions, provide limited supporting documentation, and provide a cost estimate. FEMA and the recipient

will review this information, follow up with limited requests for additional information if necessary, and award assistance. Recipients will have access to all projects in [PA Grants Portal](#), consistent with the traditional PA process.

What are the key steps in the application and funding process? FEMA has offered this diagram:



(“RPA” means “Request for Public Assistance” – in other words, the application.)

How do we apply? These links will take you to [general information](#) on the application process, and the [application portal](#).

Where can we get more information? [FEMA's Public Assistance Program and Policy Guide](#) provides detailed information on the types of expenses that are potentially reimbursable. (Note that, as discussed above, the application process outlined in this document has been simplified for purposes of the COVID-19 pandemic.)

What has been health centers’ experiences to date with applying for FEMA Public Assistance for costs related to COVID-19? NACHC is not currently aware of any health centers that have applied for FEMA Public Assistance funding related to the pandemic. Please contact cmeiman@nachc.org if you have an experience that you would be willing to share.